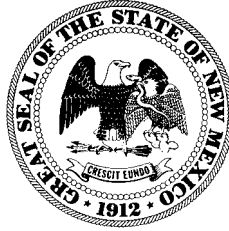


State of New Mexico



Office of the Attorney General
PATRICIA A. MADRID

PRESS RELEASE

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Attorney General Madrid Joins 27 Other AGs in Urging Proper Labeling of Alcoholic Beverages

(Santa Fe, NM)— Attorney General Patricia Madrid, Maine Attorney General G. Steven Rowe and Utah Attorney General Mark Shurtleff announced that they and 25 other Attorneys General sent a letter to the Alcohol and Tobacco Tax and Trade Bureau (TTB). The Attorneys General urged the TTB to quickly implement rules regulating the proper labeling and advertising of flavored malt beverages, which often have the descriptions “cola,” “iced tea,” and “lemonade” in their names. These beverages are known to appeal to consumers for their sweet taste traditionally associated with mixed drinks that were, until recently, only available in bars.

“Attorneys General are asking the federal government to address how much of the alcohol content of a flavored malt beverage must be derived from fermentation at the brewery and how much may be derived from alcohol added through the use of flavored alcohol,” said Attorney General Patricia Madrid. “The line between beer and distilled spirits has been completely blurred and we’re asking the federal government to adopt a bright line rule for these products. These products are generally aimed at younger consumers, and I believe can lead to experimenting of harder drinks with higher alcoholic content. This issue affects the nation’s and New Mexico’s youth and I will do what I can to protect them.”

A recent study by TTB of the production and labeling of flavored malt beverages determined that 105 out of 114 flavored malt beverages derived more than 75% of their alcohol content from distilled spirits “flavorings” that were added to these beverages. The study also found that the labeling of a beverage that derives most of its alcohol content from added alcohol flavors as a malt beverage is “inherently misleading” to consumers.

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Flavored malt beverages are produced by stripping the taste, color and most of the alcohol from a malt beverage and then adding flavorings, including those from distilled spirits. More than a dozen states have strict statutory definitions of distilled spirits and malt beverages. Under these statutes, the types of beverages currently labeled as flavored malt beverages that contain distilled spirits must be marketed and taxed as distilled spirits.

Until such a rule is adopted, manufacturers will continue to represent these products as malt beverages in order to take advantage of substantially lower tax rates, access to television and radio advertising, and marketing venues associated with youth purchases, such as convenience stores and gas stations.

More than eight years ago, the Bureau of Alcohol, Tobacco and Firearms (ATF) issued ATF Ruling 96-1. This ruling found that malt beverages might contain only alcohol that is the result of alcoholic fermentation at the brewery. However, the ATF never initiated rulemaking specific to flavored malt beverages. The letter sent to TTB Wednesday asks for the TTB to act immediately to establish and implement a rule governing these beverages.

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